

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7002**

**BILL NUMBER:** HB 1173

**NOTE PREPARED:** Jan 1, 2010

**BILL AMENDED:**

**SUBJECT:** Unemployment Insurance.

**FIRST AUTHOR:** Rep. Bartlett

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☒ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that pension, retirement, or annuity payments under any plan of a base period employer for which the employer contributes all of the money are deductible from an individual's unemployment benefit for a week only if: (1) some or all of the benefits otherwise payable are chargeable to the experience or reimbursable account of the employer; and (2) services performed by the individual for the employer after the beginning of the base period affect the individual's eligibility for, or increase the amount of, the benefits paid.

The bill provides that federal old age, survivors, and disability insurance benefits and rollover distributions that are not included in the individual's gross income for federal income tax purpose are not payments that are deductible from an individual's unemployment benefit.

**Effective Date:** July 1, 2010.

**Explanation of State Expenditures:** The bill would have two impacts on the state. First, it could increase unemployment benefits paid from the Unemployment Insurance Trust Fund. The impact on the fund would probably be minor.

The second impact would be on the state as a self-insured employer. The state would have to pay the six weeks of benefits to eligible employees. The impact is probably minor. The state paid about \$4.1 M in FY 2009, \$4.1 M in FY 2008, and \$5.9 M in FY 2007 to the fund.

**Background:** For FY 2009 the Unemployment Insurance Benefit Fund received \$543.8 M from employers,

earned \$2.5 M in interest, paid \$1,659.4 M in benefits, and had administrative expenses of \$17.3 M. The ending balance on June 30, 2009, was a negative \$885.5 M. Currently, the loans to states from the federal government for unemployment benefits are not accruing interest until at least December 31, 2010.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The impact on a local unit would be as an employer. The impact is probably minor.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.